

## Estimating the Tax Impact of Mill Increases for School Ballot Issues

15-10-425, MCA requires that ballots for levy elections must state the estimated tax impact of the proposed ballot issue on the taxes assessed on a home with a market value of \$100,000 or \$200,000. OPI's budgeting spreadsheets, available at [http://www.opi.mt.gov/Finance&Grants/schoolfinance/Index.html?gpm=1\\_5&pnl=4\\_3](http://www.opi.mt.gov/Finance&Grants/schoolfinance/Index.html?gpm=1_5&pnl=4_3) will also perform these calculations. This applies to the ballot for the general fund levy election.

This example shows how to calculate the tax impact of a FY 2011-12 general fund levy increase of \$6,800 on a house valued at \$50,000, \$100,000 and \$200,000. This example assumes an elementary district is proposing a tax increase from \$35,700 to \$42,500 and that taxable valuation was \$1,008,000 for tax year 2010 and is estimated to be \$1,000,000 for tax year 2011.

1	<b>Home with Market Value of:</b>		<b>\$ 50,000</b>	<b>\$ 100,000</b>	<b>\$ 200,000</b>
2	Less: Residential Exemption for Tax Year 2011 -- 41.8% MCA 15-6-222		\$20,900	\$ 41,800	\$ 83,600
3.	Equals: Market Value after Exemption (line 1 – line 2)		\$29,100	\$ 58,200	\$116,400
4	Times: Assessment Rate (MCA 15-6-134)	2.72% 0.0272			
5	Equals: Taxable Valuation (line 3 X line 4)		\$791.52	\$1,583.04	\$3,166.08
6	<b>Estimated Mills for Ballot for FY 2011-12 Over-BASE Budget: *</b>				
	Proposed mills for FY 2011-12: FY2011-12 Over-BASE Levy Amt divided by (2011 Taxable Valuation X 0.001) = \$42,500 divided by (\$1,000,000 X 0.001) =	42.50 mills	Example		
			Elem Mills		
			HS or K-12 Mills		
7	<b>Actual Mills from Prior Year (FY 2010-11) Over-BASE Budget: **</b>				
	FY2010-11 Actual Over-BASE Levy Amt divided by (2010 Taxable Valuation X 0.001) = \$35,700 divided by (\$1,008,000 X 0.001) =	35.42 mills	Example		
			Elem Mills		
			HS or K-12 Mills		
8	<b>Proposed Increase (Decrease) in Mills:</b>				
	(line 6 – line 7)	7.08 mills	Example		
			Elem Mills		
			HS or K-12 Mills		
9	<b>Impact of Proposed Tax Increase:</b> (line 8 X line 5 X 0.001)		[May include on page 29 with *C and *D)	[Insert at *C on page 1]	[Insert at *D on page 1]
	<b>Example Elementary HS or K-12</b>		\$5.60	\$11.21	\$22.42

\* For a general fund election, the proposed mills would be the number of Over-BASE mills needed to support the budget for the coming year. For other types of school elections, enter the estimated number of mills estimated to be levied if the election passes.

\*\* For a general fund election, this amount would be the number of Over-BASE mills raised to support the prior year's general fund budget (Final Budget form, Line (V-K) or Budget Data Sheet, Line 4e). For other types of school elections, enter the number of mills levied for the fund for the prior year.

### Other requirements of 15-10-425, MCA:

- Disclosure requirements apply to a regular or special school election that proposes to impose or raise a mill levy.
- The ballot under 15-10-425, MCA, must include: specific purpose for which the money will be used, specific amount to be raised, approximate number of mills required, and durational limit, if any (i.e., If the law allows you to run the election once to levy for a stated number of years, state that number of years. Otherwise, the election applies for one year only.)
- The ballot must state the tax impacts for homes valued at \$100,000 and \$200,000 and MAY ALSO state the tax impact for a home of another value.

